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OLC 75-2317
12 September 1975

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing of Rick Gilmore, Subcommittee on Multinational Corporations, Senate Foreign Relations Committee Staff

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1. The briefing was held in the office of [REDACTED], 4F18 and lasted from 3:30 until 5:30 p.m. Present for the briefing were [REDACTED] and one other Agency official. Gilmore had called earlier in the day and related that he had forgotten his wallet and had no money for a taxi and requested help in getting to the Agency. Since a car was on the Hill at the time, we picked up Gilmore and brought him to the Agency and arranged transportation back to his office after the briefing.

2. The briefing opened with Gilmore giving a rundown of what his interests were. He stated that the Multinational Subcommittee had agreed to investigate the grain trade without a firm obligation to hold hearings in the matter. He said they were basically interested in how the major grain export companies handled their grain sales and how they interrelated to foreign governments and countries. He stated they basically were interested in the seven major companies involved in grain export trade. Their main interests were the multinational aspects of the foreign subsidiaries of the grain companies. He stated that up to now he had studied the grain trade business and had contacted the companies to get information on grain trade from womb to tomb. What he wanted from CIA was information on individual analyses prepared by the Agency with respect to grain; how CIA relates to company policy questions on grain; how CIA monitors grain shipments, and analyses regarding specific cases of grain dealing with the Soviet Union, China and Turkey and any violations of law that they might have noted.

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4. At the outset, Gilmore indicated that he was suspicious of what was described as our limited role in grain dealings and was somewhat caustic in his comments. However, as the briefing progressed, he seemed to mellow somewhat and accept our answers as being responsive and truthful.

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5. Set forth below are the questions asked and answers given:

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QUESTION: What areas do you cover [REDACTED] in grain export?

ANSWER: What and who is buying and how much. Basically we are interested in the total picture of supply and demand worldwide.

QUESTION: What do you do with the total picture?

ANSWER: We give it to the Executive Branch policymakers on a classified basis.

QUESTION: Who specifically in the Executive Branch gets the information?

ANSWER: Depending upon the significance, it might go to the President, the Vice President, Kissinger, Treasury, CEA, State, USDA, and EPB.

QUESTION: What is the document called that is provided to the above?

ANSWER: There is no one particular document, but rather the information is provided in a series of memorandums prepared in response to requirements levied by various Executive Branch components.

QUESTION: Can the Subcommittee get copies of these memorandums?

ANSWER: That would be up to the DCI for decision.

QUESTION: Can I make the request now?

ANSWER: The request should come from the Committee Chairman to the DCI, however, since it is classified material, we would need to know how you would use the information and how you would handle the storage of the memorandums.

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Gilmore then stated that he merely wanted the information as background and would be happy to come out to Headquarters to review the memorandums here if that were necessary. [REDACTED] then pointed out that we also briefed the Senate and House Agricultural Committees on items such as the Soviet grain harvest. Gilmore asked if members of the committee and himself could sit in on some of these briefings and [REDACTED] stated that perhaps some of the committee members at least could sit in on these briefings and that he should make the request again through the committee Chairman.

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QUESTION: Do you follow U.S. negotiations with the Soviet Union on grain?

ANSWER: Not really. We do sit in on the Deputies meetings from time to time and give our analyses in response to specific questions, but take no part on policy discussions.

QUESTION: Do you have any contact with policymakers or U.S. Government representatives, like Robinson?

ANSWER: We do have some contact but it is basically providing analyses in response to specific questions.

QUESTION: Do you analyze things such as the price of grain, specifically in the Soviet deal?

ANSWER: We do not look into the pricing mechanism as such, but rather we assume that the price will be the market price. From time to time we may look into the ability of a particular country to pay for the grain.

(There followed a general discussion on price determination in various grain deals.)

QUESTION: What kinds of questions do you ask regarding Soviet demand?

ANSWER:



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QUESTION: What options do the Soviets have regarding the import of grain?

ANSWER: They can get it from any number of countries including Argentina, Canada and the United States who is generally their largest supplier.

QUESTION: Can they get U.S. grain without going to the U.S. government? (Related to this he also asked the question, "Does grain actually purchased by any particular country actually go to that country or are there indications that some countries are buying for the Soviet Union?")

ANSWER: Generally the Soviets buy for other countries particularly Eastern European countries and Cuba rather than have other countries buy for them, but this year the Soviets are telling Eastern European countries to buy on their own.

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QUESTION: In 1972 was there any U.S. grain trans-shipped to the Soviet Union above the U.S. commitment?

ANSWER: We don't know.

QUESTION: In 1973 there were rumors that the CIA was tracking grain deliveries which were destined for one country but were actually going to the Soviet Union in violation of embargoes, boycotts or quota restrictions. In other words, illicit traffic. What can you tell me about this?

ANSWER: We didn't do it. But today, we are looking for such arrangements but as yet we have no evidence to substantiate such traffic but then we are just getting started in this area.

QUESTION: Is there any evidence of profiteering by the Soviets on resales of grains?

ANSWER: No

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QUESTION: In 1972 were you asked to do an analyses on misidentified grain which was not U.S. grain but was so identified in order to get subsidies?

ANSWER: We do not get that kind of a question in general and did not in this particular case. That is in the field of enforcement and we don't get involved in that.

QUESTION: Did you look into a case in the 60's involving East Germany and the violation of U.S. controls?

ANSWER: No.

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QUESTION: Have you heard of the company "Superintendents?"

ANSWER: Yes, but not that they are involved in any export control violations.

QUESTION: Have you done any analyses regarding why the PRC cancelled some grain purchases and what affect they might have on the future.

ANSWER: Yes. We have done some work in that area.

QUESTION: What was the result?

ANSWER: This is not in our particular field but it is thought that cancellations were based on quality. It was also felt that they had overcommitted themselves and may have used quality as an excuse.

QUESTION: Have you ever studied grain sales cancellations in general?

ANSWER: No. We have only been in the grain field over the last three years and have not zeroed in on this.

QUESTION: Did you do anything on the Soviet and Turkey cancellations?

ANSWER: No.

QUESTION: Do you get into PL 480 analyses?

ANSWER: Only in the context of supply and demand and then only as to whether the country involved actually needs the grain.

25X1C QUESTION: Do you know a guy by the name of [REDACTED]

25X1C ANSWER: [REDACTED]

QUESTION: Have you gone into the area of Reserves?

ANSWER: We have looked into the question of what the various countries think their reserves should be but we do not study what in fact it should be.

QUESTION: Do you analyze how grain boards, market systems, etc. work?

ANSWER: Sometimes. We recently did a study on the [REDACTED] grain board.

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QUESTION: How about the EC?

ANSWER: No. It is very difficult to understand.

QUESTION: Have you done any studies on the CAP mechanism?

ANSWER: Yes. Sometime ago but the results were less than edifying.

QUESTION: What is so difficult about analyzing the EC mechanism?

ANSWER: The basic problem is the lack of manpower to do that sort of thing.


QUESTION: There is some evidence of bribes, gifts, discounting, etc. in grain deals, do you ever look into this?

ANSWER: No, that is a police function and we do not get involved in anything even remotely connected to that sort of thing.

QUESTION: Do you ever look at the role grain companies could play in achieving U.S. political objectives?

ANSWER: That is a question which falls outside the competence of the responsibilities of this group and we can give no information one way or another on that.

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Would you please handle the attached matter for [REDACTED]
See Mr. Cary's note to [REDACTED] below. If you should have any
further questions perhaps you could check with [REDACTED]

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4.



1030
*Will ask, will say whether
we can answer and we will
negotiate*
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